

# Real Estate Jargon: Removing the Confusion. 2021 edition.

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Buying a property doesn't have to be stressful or confusing! However, if it's your first time buying or selling a property, there may be unfamiliar and legal words.

Our handy guide will help you understand the key pieces of real estate jargon to buy and sell like a professional:

## **ABSTRACT OF TITLE**

A description of the land and a chronological summary showing when the property was previously bought and sold. It includes conveyances, mortgages and names of the parties

## **APPRAISAL/ AGENT ESTIMATE**

An assessment of a home's potential sale price in the market by a real estate agent. Do not confuse this with a

professional valuation, which is conducted by a registered professional property valuer.

## **AUCTION**

A public sale on a set date, where the property is sold to the highest bidder. The aim is to have a defined period to find the highest price that a buyer is prepared to pay.

## **ONLINE AUCTION**

There are now some great services that facilitate an online auction eliminating the need to actually attend.

## **BANK VALUATION**

This is a Bank's paid valuation by a registered property valuer of a property's value. This is often more conservative than the actual market value. This is often used to gauge how much a bank is willing to loan you for the home.

## **BID**

Motion or verbal acknowledgement by a prospective buyer at an auction indicating the position at a price they wish to pay.

## **BRIDGING FINANCE**

A short-term loan is used to allow a buyer to purchase a new property if the proceeds of a property he or she recently sold have not yet cleared.

## **CAPITAL GAINS**

The profit on the sale of a capital asset, such as a house if the house has been rented or leased.

## **CAVEAT**

A notification on the title declaring a party other than the owner may have an interest in the property.

## **CAVEAT EMPTOR**

Latin for "buyer beware". In a property transaction, the purchaser carries the risk. In other words, do your homework.

## **CONDITIONS OF SALE**

The conditions applicable to a sale contract made between a vendor and purchaser. Conditions may include:

- purchase conditional on a loan approval
- purchase conditional on the sale of an existing property
- purchase conditional on a satisfactory property inspection

- a longer settlement period.

## CONTRACT OF SALE

The official documents accurately indicate every piece of information, detail, terms, conditions, price and dates that lock both buyer and seller into a fair and equitable completion of the deal (sale).

## CONVEYANCE

Every home sale needs a contract of sale. Each state has different requirements. Conveyance is the actual action and deed which transfers ownership of property from one person to another.

## COUNTER OFFER

A new offer, made after a previous offer has been rejected by the owner.

## EASEMENT

A right to use the land of another or a right to prevent the owner of the land from using the land in a particular manner. Commonly used by Government authorities for electrical mains or drainage. Water authorities are one of the most common easements. These are usually for sewerage connection in an area.

## EXCHANGE OF CONTRACTS

The vendor and purchaser both sign copies of the sale contract and then legally 'exchange' these documents, after which time the contract becomes legally binding on the parties.

## FEATURES

Items in a home can be taken out without damaging the items or the space in which they were located. Includes washing machines, refrigerators and other items not usually included in a property sale.

## FINANCE CLAUSE

Included in a contract is when an offer is made on a property that is 'subject to securing finance'.

## FOR SALE SIGN

These have been proven to be an important part of the sales process as anyone who drives past will see that the house is for sale. Word of mouth from sales boards does occur. Don't fall into the trap of a huge sale board that is mainly advertising the agent.

## GAZUMPING

Where the vendor agrees to sell a property but then sells it to another party on more favourable terms. This can occur if contracts are not signed by the vendor. Until the vendor signs the contract of sale, they can still negotiate with others.

## HOUSE INSPECTION

Sometimes referred to as 'Inspection by Appointment'. These can be individual inspections or offered as part of an 'open house.' They can be conducted by the owner or by and agent.

## **LIEN**

A charge, security or encumbrance on a property for the payment of a debt.

## **LIST PRICE**

The price level at which the agency and the property owner agree to market the property to buyers. Don't fall into the trap of overpricing or underpricing your home. Read our blog tips on [property reports](#)

## **MARKET PRICE**

The price level when potential buyers will be attracted and make offers.

## **PASSED IN**

When auction bids fail to reach the reserve price set by the vendor. If a home is passed in, the highest bidder may be able to negotiate directly with the vendor.

## **PEST INSPECTION**

Undertaken by a licensed inspector and is a visual pest and termite inspection of all accessible and available areas of the property, for the presence of active termites and termite damage. Highly recommended in suburbs known to have termites.

## **POA**

Price on application. Not a positive way to go, as people need to know if your home is in their price range.

## **PRINT MEDIA**

Refers to the newspapers and glossy magazines advertising properties for sale in your area. Don't fall into the trap of using these methods. Most buyers are online.

## **PRIVATE SALE**

Instead of holding an auction, the vendor accepts private offers to buy, and negotiates with each potential buyer directly on the price and terms.

## **PROPERTY VALUATION**

A written assessment of how much a property is worth, undertaken by a registered property valuer. Estate agents are not licenced to undertake property valuations. They can only provide an estimate

## **RENT BACK OPTION**

A property transaction involving the sale of an owner-occupier's residence to a landlord or property company and renting it back from the new owner.

## **SECTION 27**

This is a legal document the vendor use to request access to the deposit funds paid by the purchaser prior to settlement.

## **SELLER**

The plain language term for the person(s) or entity selling the property. Also known as the vendor.

## SETTLEMENT DATE / COMPLETION DATE

The date on which a contract of sale is finalised and final payment is made. The buyer hands over the money (via their solicitor) and the seller hands over the keys. The title is transferred into the name of the buyer.

## SOLD (CONDITIONALLY)

It is likely the buyer has 'conditions' that need to be met before the sale (contract) can be locked and loaded. Most common conditions are building inspections and approval of finance.

## SOLICITOR, CONVEYANCER, SETTLEMENT AGENT

A qualified legal expert who prepares and looks after the carriage and completion of your contract. Paying for legal advice ensures the contracts are written correctly and it's good protection for you as either a buyer or seller.

## STAGING

Preparing your home to look its best for inspections and sale. De-clutter, clean and depersonalised. Even consider hired furnishings to maximise your results.

## STAMP DUTY

Tax levied on a contract, calculated as a percentage of the contract value. The amount varies between states and territories and the type of property ownership, for example, Torrens title, strata title or company title.

## STCA

Means "Subject To Council Approval". This is just a selling tool. Seek advice from the local Council.

## TITLE

The proof of ownership of the land and the dwelling that may reside on that land. Also indicates any encumbrances that may come with the land such as easements, power lines, public water pipes etc. Hopefully, there is no green glow coming from behind the shed.

## TITLE

A bank account managed by a third party where funds (such as deposits and rental income) are held on behalf of someone else.

## UNCONDITIONAL / EXCHANGED

This term indicates that all the conditions pertaining to the contract of sale have been met, and deposits are paid. Both buyer and seller make arrangements to move in or out on the specified date.

## VALUATION

An in-depth assessment of your home's likely current value by an independent certified practising valuer. (They aren't conservative, just thorough).

## VENDOR

In real estate transactions, the person(s) or entity selling the property is the vendor.

## VENDOR STATEMENT

This document is provided to prospective buyers before a property is sold. It is prepared by the seller's lawyer, conveyancer or done with a 'do-it-yourself' conveyancing kit. Contains the property's title information, including zoning, caveats, covenants, easements and expenses such as rates. An easy-to-use guide to conveyancing is available from Consumer Affairs Victoria.

## ZONING

An urban planning tool is used by local governments to determine how land is to be used. Examples include low-density residential, high-density residential, mixed-use and metropolitan centres.

Are there any other real estate terms that had you confused when you first heard them? Let us know in the comments and we can add them.

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